

Message Text

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DRAFTED BY AF/E:AMB. WILKOWSKI:BR

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TO AMEMBASSY LUSAKA

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C O N F I D E N T I A L STATE 178970

LIMDIS

E.O. 11652:GDS

TAGS: ZA

SUBJECT: COPPER COMPANY NEGOTIATIONS IN ZAMBIA

1. AMAX OFFICIALS IN NEW YORK TOLD AMBASSADOR WILKOWSKI VERY CONFIDENTIALLY THAT WHILE ANGLO-AMERICAN HAS JUST CONCLUDED SETTLEMENT ON ITS RELATIONSHIP IN NCCM WITH ZAMBIAN GOVERNMENT, AMAX RELUCTANT TO SETTLE ON "SOUTH AFRICAN COMPANY'S POLITICALLY MOTIVATED TERMS"; IS HOPEFUL OF BETTER DEAL; ALTHOUGH TEMPERS WEARING THIN ON BOTH SIDES.

2. ANGLO SETTLEMENT FOR CONTRACT CANCELLATION IN AUGUST 1973 REPORTEDLY BASED ON "PRESENT VALUE" COMPENSATION PAYMENT OF AROUND K30 MILLION. SOUTH AFRICAN COMPANY SAID TO HAVE WON ITS FIGHT ON SECONDMENT, INVOLVING SURCHARGE OF 10 PERCENT OF SALARY ON PERSONNEL ASSIGNED BY ANGLO TO NCCM, WITH QUARTERLY PAYMENTS TO ANGLO OVER THREE YEARS.

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3. EXTRAPOLATING FROM ANGLO SETTLEMENT, AMAX OFFICIAL

ESTIMATES COMPANY'S PRESENT VALUE FOR COMPENSATION PURPOSES COULD BE FIXED AT K20 MILLION ON LUMP SUM PAYMENT BASIS, OR K22 MILLION IF PAID OVER THREE YEARS. THIS WOULD HYPOTHETICALLY COVER CONTRACTS WHICH WOULD HAVE RUN TO 1979.

4. ONE AMAX OFFICIAL CONFIDED THAT AMOUNT OF SWEETENING REQUIRED FOR BETTER DEAL IS MINOR IN MONETARY TERMS BUT MAJOR PSYCHOLOGICALLY AS AMAX SOMEWHAT PEEVED AT BEING

OUT ON A LIMB BY ANGLO FOR SECOND TIME SINCE 1969.

5. NEW YORK OFFICIALS SAID AMAX WOULD PREFER SOME FORM OF "FLOATING" SETTLEMENT TO BE TIED TO FUTURE OSCILLATIONS OF COPPER PRICES. ANGLO SETTLEMENT DESCRIBED AS HIGHLY POLITICAL IN MOTIVATION, SUPPOSEDLY REFLECTS HARRY OPPENHEIMER'S PERSONAL ANXIETIES OVER DEVELOPMENTS IN MOZAMBIQUE AND ANGOLA AND HIS DESIRE TO INGRATIATE HIMSELF WITH PRESENT AND FUTURE BLACK AFRICAN REGIMES IN SOUTHERN AFRICA AND TO PAY PRICE FOR QUICK SETTLEMENT.

6. ADDRESSEES SHOULD USE SUBSTANCE THIS CABLE FOR BACKGROUND ONLY AND WITHOUT REFERENCE TO SOURCE UNTIL AMAX NEGOTIATIONS COMPLETED AND TERMS OF BOTH SETTLEMENT MADE PUBLIC. KISSINGER

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